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THE BENEFITS OF INDUSTRIAL COMBINATIONS

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Industrial combination has been the prime factor in the growth and progress of the world. To destroy or remove it from the activities of life would mean the stoppage of development; indeed it would mean more than that, it would mean the gradual decay of much that has been developed since creation. It would sound the death knell to ambition, because ambition must, of necessity, depend upon combination for its reward.

Surely it has been fully demonstrated that industrial combination is an indispensable element of our business life, and that without it our whole business fabric would disintegrate and fall, for, it must be borne in mind that industrialism and commercialism are interdependent and that whatever affects one necessarily affects the other.

Therefore, there should be thrown around it such safeguards of wisdom and protection as will make it of greatest value to the largest number. But we should never lose sight of the dangers which lie in the power of combination, and our greatest care should be to prevent that power being abused.

Industrial Combinations

An industrial combination must be measured by what it is. It may be a business organization composed of labor and capital formed for the purpose of producing and marketing any given product, or for the accomplishment of certain industrial ends, or it may be an organization of workmen formed for the purpose of furthering their individual interests. It is obvious that the relation of such organizations to the nation's welfare is all-important; in fact, the existence of modern civilization is dependent upon industrial business combinations to a greater extent, perhaps, than upon any of the other elements upon which it is based.

Therefore, in seeking to establish the relation of industrial combinations to the nation's welfare we must investigate their many ramifications and trace them from their beginning to their natural

and logical sequence, and then compare their economic effect with that of individual effort, exercising care in the analysis, to distinguish between combinations which are made up of single units, and those composed of aggregations of such combinations, and to measure them by the rule of reason as to their scope and purpose, together with the manner in which they attempt to exercise the power incident thereto; that is to say, whether to the injury or benefit of the public.

To create an industrial business combination, the first requisite is individual initiative coupled with ambition and energy, and the second requirement is capital. Then, to make the combination complete and effective labor must be made a component part. With these three elements welded together to form the combination there must be individual effort to direct its operation. And so we may say that such a combination consists of brains, capital, and labor, brains being the directing force, capital the motive power and labor the machinery.

Relation to Nation's Welfare

With the combination thus formed, we are confronted with the question, what is its relation to the nation's welfare? And here the question hinges upon the purpose and operation of the combination, whether it be one composed solely of individual units or an aggregation of such combinations. If it be monopolistic, and in its operation ignores the rights of others in the occupancy of any field of competition, or if it operates in unlawful restraint of trade, the combination is at once a menace and should not be tolerated, because it abuses its power and violates an economic law which must remain inviolate if the fundamental principles of human rights are to endure.

On the other hand, if the purpose of the combination is to stimulate trade and increase production, and if in its operation it refrains from an attempt to interfere by unfair methods with the freedom of others in the field of industry, or with the free and unrestricted flow of trade, then its tendency is toward the promotion of the nation's welfare, and it should be encouraged, rather than subjected to abuse and persecution. For it must not be forgotten, that the aggregation of initial combinations has been forced into existence through ruthless competition in business, which made absolutely necessary the adoption of some means to meet the demoralized condition of competition in many lines of industry, prevalent in this country some thirty or thirty-five years ago, since which time practically all of our indus-

trial business aggregations have come into existence. And, at this point, attention may properly be called to the fact that the period mentioned has witnessed greater development and prosperity than during any similar period in our history, and in which, while some have shared, more than others, all have participated in proportion to the part each contributed to the whole.

All is Not Gold That Glitters

In the consideration of this question, there is one important factor which should not be lost sight of, but which is too frequently overlooked; that is, the great number of new industrial enterprises which fail of success. Bradstreet's and Dun's commercial agencies have reported the astounding figures of 95 to 97 per cent. But ignoring all official reports, every experienced manufacturer knows that for every really successful industrial corporation there are very many that labor under a continual struggle to keep their heads above water, while very many more sooner or later go under.

Hence, it must be admitted that any legitimate combination of interests which tends to steady the balance of trade in industry through increased or improved production, and which serves to reduce friction between labor and capital, by minimizing the necessity for frequent reductions in wages, incident to a ruthless competitive system, is of general benefit to the nation and with proper safeguards against abuse of its power should be stimulated and encouraged, rather than handicapped by restrictive, unwise legislation and public criticism.

Big Business Sometimes a Public Benefit

However great may be the fault found with some large industrial business combinations, the operations of many of them seem to have been beneficial, rather than otherwise, to the common good.

Yet, it would, indeed, be a dangerous thing for this country to ignore or permit the unrestricted power of great corporations or combinations, whether of capital or labor, in the monopoly of commerce or industry, or in the monopoly of the labor market, and proper restrictive legislation should and must protect the citizens against the use of such power by the representatives of capital or the representatives of labor.

Therefore, the good which comes to the public from business combination should be preserved, while the strong arm of the law should reach out and throttle that which is bad.

There are certain combinations of labor which are founded upon the principle of live and let live, and whose operation and methods are within the written and unwritten law of equity, fairness and morals. Such combinations seek to improve the moral, intellectual and pecuniary condition of their component units, through the medium of organization. They are to be commended, rather than condemned, as should any organization of men or women, having such legitimate purpose in view.

But there are other combinations of labor, aggregated into one federation, representing approximately four and one-half per cent of all the wage-earners of the country, of whom practically sixteen per cent, all told, are members of labor organizations of one kind or another. Whatever the alleged purpose of this combination or federation as it is called, it operates in defiance of the laws of both God and humanity and openly ignores the principles of right and justice.

Its abuses so greatly exceed all other industrial evils as to cause the latter to appear infinitesimal and of little consequence in comparison.

Its purpose is to have the workers control the employers' business in matters pertaining to the management of employees; to dictate who may and who may not be employed; the conditions under which labor shall be employed; the amount of work a man shall perform for the wages he receives; the number of hours he may work or pretend to work; the number of our American boys that shall be permitted to learn trades and thus become useful and industrious citizens, and the number that shall be turned adrift to become vagabonds or tramps or whatever fate may have in store for them.

In fact, the goal to which this combination aims is an absolute monopoly of the labor market, whereby it may grant or withhold, at its pleasure, privileges, the power to grant or withhold which is not even assumed by the state or the nation.

The record of this organization and the acts and utterances of its officers, leave not the shadow of a doubt that its policy is to employ any means, no matter how brutal, unlawful or unreasonable that will tend to promote an industrial condition in this country

in which the employing classes shall be absolutely at the mercy and dictation of the gigantic and merciless labor trust, which, as I have said on another occasion, "Proposes to say to the farmer that he shall either harvest his crops under its rules, or permit them to perish; to the manufacturer, that he shall neither produce nor transport contrary to its will; to the merchant, that he shall neither buy nor sell, unless his wares bear the brand of its approval; to the laborer, that he must wear the yoke or starve; and to those who belong to none of these classes, that they must suffer the wrongs, submit to the losses and pay the penalties to which its rules subject them."

False Pretences

Too many well-meaning people have been deceived by the sham pretences and hypocritical statements about "the great American labor movement" and the "uplift of the toiling masses," issued by the officials of this organization which has proven itself to be a cold, merciless and murderous labor trust, caring not so much about the "brotherly love" and the "uplift of humanity," that its ringleaders talk so much about, as it does for the control of things which it has no right to control. The hard, cold facts are, that every step it makes toward its goal means a step nearer control by an arbitrary oath-bound labor trust, under the domination of which personal and property rights and human liberty would pass into oblivion, except in so far as the trust machine might condescend to recognize them.

Closed Shop Crisis

This combination was referred to in an editorial in the *New York Times* of February 17, 1912, entitled, "The Closed Shop Crisis," and from which the following excerpts are quoted:

"If the closed shop shall be established, no man can earn wages without a union license, and the union is under no necessity to grant the license. The right to live includes the right to earn a living. Work for the unemployed is one of the first demands of the unions upon the society which they condemn and propose to improve by their own methods. And yet the unions would deny that right to any except their own members. That is to say, the right to live would depend not upon universal law, but upon com-

pliance with union standards and bearing of union burdens. The man unwilling to or unable to comply with the union requirement would be a social pariah, possessing only the right to starve.

"Nothing is suggested here worse than a general appreciation of the meaning of the closed shop, which in its essence, and as practiced, surpasses in cold-blooded malice and oppression of the needy and the innocent the dynamite outrages themselves. . . .

"It is a political outrage that there should be obstacles to any man's realization of his own plans for an honest livelihood. The economic wrong on the community is equally offensive, and can be translated into facts of easy understanding."

"Times" Argument Conclusive

The editorial from which the foregoing excerpts are quoted so truthfully and forcefully portrays the real objects of the American Federation of Labor, the methods it employs for enforcing its closed shop policy, and the disastrous results to the country if it were successful, that further argument relative to the lamentable conditions which would result from the ultimate supremacy of organized labor, which would then be a combination of socialism and trades-unionism, or discussion of this phase of the question, "The Relation of Industrial Combination to National Welfare" is unnecessary in the presence of so learned and distinguished a body as the American Academy of Political and Social Science.